

MEMO# 962

February 6, 1989

SEC PROPOSES CHANGES TO THE OWNERSHIP REPORTING REQUIREMENTS UNDER SECTION 16 OF THE SECURITIES EXCHANGE ACT OF 1934

February 6, 1989 TO: SEC RULES COMMITTEE NO. 12-89 RE: SEC PROPOSES CHANGES TO THE OWNERSHIP REPORTING REQUIREMENTS UNDER SECTION 16 OF THE SECURITIES EXCHANGE ACT OF 1934 _____ Section 16(a) of the Securities Exchange Act of 1934 requires officers, directors and principal shareholders of any issuer with equity securities registered under Section 12 of that Act to disclose the extent of, and changes in, their equity holdings in the issuer. Section 16(b) provides for the automatic recovery of "short-swing" profits from insiders. In the attached release the SEC proposes to significantly revise and reorganize the rules and forms adopted under Section 16. Among other things, the proposed rules would import the definition of beneficial owner under Securities Exchange Act Section 13(d) into the rules under Section 16 (see proposed Rule 16a-1). The comment period on the proposals expires March 13, 1989. Please let me know of any comments that you have on the proposals by February 24, 1989. Mary K. Bellamy Associate General Counsel Attachment

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